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The Development of Thrift Facilities

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MONEY SAVING AN INDEX TO THRIFT

BETTER buying, greater system in private affairs and the quality of doing without what one may desire are elements manifesting personal thrift. However, consistent saving of money must be the result of the practice of such thrift elements. The evidence of thrift is independence; independence is secured through the saving of money, but the quality of that independence must not be disregarded. To continuously stint and live only on the bare necessities of life, thereby maintaining a low standard of living, may permit a person to accumulate an amount of capital which will be sufficient to assure independence, but the quality of that independence will be exceedingly poor. Life is a tissue of habits, and if the tissue is miserly it cannot be changed at a time when the life is the tissue, and thus the means of independence can only be enjoyed by relatives, after death. High quality independence, therefore, presupposes the maintenance of a decent standard of living throughout the period of accumulation, and money saving must be consistent in order to reach real happiness during the unproductive days of life.

FACILITIES FOR MONEY SAVING

Since saving of money in the way above described is the Alpha and Omega of thrift, the establishment of adequate facilities as an aid thereto is of first importance. During the past five years the establishment of proper and adequate facilities for the saving

of money has been advancing tremendously. As a result, more of the present generation of Americans will enjoy a happier old age than those of preceding generations.

People doubtless are saving more consistently today than they ever have before. The propaganda of the Treasury Department in the encouragement of thrift has had a marked influence upon the American people. It has brought the lesson of saving to the masses of the people. The war may have been the object and the immediate reason, but the fact remains that people generally know the meaning of money saving. The present may witness undue extravagance but every person who spends, no matter how wildly the spending may be, feels a restraining force due to the lessons of thrift taught in the heat of war.

There are twice as many banks today as there were five years ago, and there are 28,000 of them in the nation, that are urging the people to save and conserve through the establishment of savings departments. It is admitted that such business is profitable to the bank, but nevertheless, money saving facilities are thereby increased. As a general principle, the adult who knows the lesson of thrift will not save unless the facilities exist directly at hand. The industrial worker will not go four blocks away from the beaten path of the plant to his home to deposit a small sum from his weekly wage, unless thrift is an inborn habit or a habit acquired at an early age or to save in order to pay an obligation that must be met.

Thus, the banks of the country, recognizing this necessity, are expanding their facilities into industrial plants but free from the influence of employers. Building or Savings and Loan Associations are being established in factories and mills. Government savings stamps and certificates are being made conveniently available to industrial workers. Plans are being made and carried out to sell railroad and municipal bonds in small denominations, as well as participation certificates secured by high-grade bonds. These bonds may be sold not alone through banks, but in drug stores and other local responsible retail stores.

Savings banks are planning to install concrete safety deposit vaults which will contain boxes of sufficient size to hold a considerable number of bonds and private papers. These will be made available to the people of small means at a very nominal sum. There is one savings bank in the Middle-west which has already contracted for the installation of a concrete vault to contain 100,000 of such boxes, to be rented as low as \$1 per year. They expect to operate the vault at a profit. Thus, savings facilities are developing satisfactorily.

SMALL SAVINGS AND CAPITAL

The savings account is simply the nurturing force in the accumulation of capital by the person of relatively small means. Its primary purpose is to promote the systematic saving of small amounts. When the account reaches several thousand dollars, it ceases to be a desirable savings account. The law of the State of New York limits the balance of a savings account in the name of any one person to \$3,000. The Connecticut law does not permit a greater aggregate deposit

by one person within one year or more than \$1,000, and \$2,000 is the limit of a savings account in Massachusetts, while New Jersey law limits the account to \$10,000. The average savings bank would rather go to the expense of caring for ten accounts of \$100 each than to carry one account of \$1,000. The deposit of small amounts is preferred to the deposit of large amounts. This is only the result of following the fundamental principle of the savings account as the nurturing force in the accumulation of capital.

INDEPENDENCE THROUGH THRIFT

In the days before the war a few thousand dollars seemed adequate to care for a person during his unproductive days; this was because the principal was used and the interest or income was disregarded. He was comfortable while the money lasted and a pauper or dependent when the principal was exhausted. Such kind of people continued to live in the city where their savings went solely to living expenses and thus \$3,000 meant meals for a few years; whereas, if the sum were invested in a small farm, and there are plenty of them available, it would mean happiness and contentment during the remainder of life. But a very small proportion of the people who have lived all their lives in a city would be content to vegetate in a village even during old age. What then is the solution of the problem? Life insurance has solved the problem of the care of dependents in the event of the death of the producer of the family income, but the care of people grown old or incapacitated must be left to the accumulation of capital from which some income may be derived, if the independence of the individual is to be maintained. It is

argued that when parents have grown old, it is the duty of the children to care for them, but this does not assure the independence of the parents and only creates a deterrent force in the progress of the children in building up their own lives. This may be counted as a selfish attitude to take but nevertheless each person is responsible for his own life and it is only one short span, wherein a person must begin early to accumulate capital for success in life and for independence in old age. The principal theme of thrift is independence.

INVESTMENT OF SMALL SAVINGS

Adequate accumulation of capital requires facilities which will absorb the capital accumulated and will return a fair rate of income. The future will have plenty of opportunity for the absorption of capital. The world will look to America for the finance of foreign governments, of foreign railroads and cities. On the other hand, the demands for capital for domestic finance will tremendously increase. It will not be long before most banks will be selling the bonds for such finance, in small denominations, over their counters on the partial payment plan. But the effort to urge the people to buy will have to be continuous and strong in order to be effective. Liberty and Victory Bond and War Savings Stamp drives may have made America a nation of bond buyers, but there is some question as to whether such drives have made America a nation of bondholders. The effort made to sell war bonds could not be paralleled in times of peace in the sale of either government bonds or other high grade issues. The people will have to be met with cold facts; only their selfish interests can be appealed

to. To produce results propagandists of saving must begin with the payment of private debts by the individual and then urge him to save, for his assets must be greater than his liabilities if there is to be any real surplus or saving.

WHERE SAVING SHOULD BEGIN

The facilities for saving must begin in the schoolhouse. There is no more effective way of teaching thrift than through the school savings bank established and operated by school children. Every school in America should install such a bank. Not a slot machine, but a real bank, with tellers, bookkeepers and even officers, all of whom should be school children. The teacher may exercise a supervision in the operation of the bank, but the children should be allowed to do the work.

The School Savings Bank.—New York City Schools have been most successful in this respect. So also have the schools of Detroit, Rochester, Minneapolis, St. Paul, Chicago, Kansas City and San Francisco. The children systematically save until they have an amount sufficient to open an account in the local bank or to buy a Government Savings Stamp. Saving money easily becomes a habit with the ordinary child and it continues throughout his life. There is no school lesson the child could learn that will produce better results than that of depositing his pennies and nickels—real money—in the school savings bank. He learns the value of money, he learns fundamental economics and it stays with him; it makes him a better student, a better business or professional man; it gives him an appreciation of the value of individual independence, which, if it were learned by all the people, would advance our civilization a thousand years. The establishment

of school savings banks is eminently important in the further development of thrift facilities.

Household Economics Departments.—Savings banks are considering increasing thrift in the home by the establishment of household economics departments. Approximately 65 per cent of savings depositors in the savings banks are women. Through advice given to such depositors by women employed by the banks who have been especially trained in household economics, homes are being financially reformed and adjusted so as to permit families to live within their incomes and thereby produce a saving in money. The correct spending of money to maintain a home requires considerable intelligence, an intelli-

gence which the housewife should have acquired at public school, instead of some non-essential learning. The household economics department of a savings bank is still in an experimental state but it will not be many years before most savings banks will be making every effort through such means to better the condition of the home, by urging the housewife to use the budget system, by urging Boards of Education to teach rudimentary principles of better buying and of the value of independence in old age.

In conclusion, the possibilities of the thrifty people of the United States are unlimited. Every safe and sound facility for the accumulation of capital must be put into operation. It is an Herculean task, but America can do it.